

Internal Revenue Service
Director, Exempt Organizations

Department of the Treasury
P.O. Box 2508 - TE/C
Cincinnati, OH 45201

Date: JUN 21 2001

Employer Identification Number:
[REDACTED]

DLN:
[REDACTED]

Person to Contact - I.D. Number:
[REDACTED]

Contact Telephone Numbers:

Phone
[REDACTED]

FAX
[REDACTED]

CERTIFIED MAIL

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under the provisions of section 501(c)(6) of the Internal Revenue Code of 1986 and its applicable Income Tax Regulations. Based on the available information, we have determined that you do not qualify for the reasons set forth.

The evidence presented disclosed that the organization was incorporated on [REDACTED].

The purpose for which you were formed is as follows:

To engage in activities relating to the purchase of worker's compensation and employers' liability insurance for the members of the Corporation and the promotion of the health and safety of employees of members of the Corporation, and any and all lawful purposes.

The information submitted in your Form 1024 application indicates that your primary activities are the following:

- Establishing and providing oversight of safety and mediation program;
- Establishing a Safety Incentive Program;
- Providing safety training;
- Developing and maintaining a safety committee, self-inspection program, accident investigation, loss analysis, intensive and individualized instruction in developing a safety improvement plan for members experiencing persistent adverse losses, use of Safety

~~_____~~
~~_____~~
The primary activity of an organization described under section 501(c)(6) of the Code ~~cannot be performing particular services for~~ members.

The activities of a business league must be directed to the improvement of one or more lines of business. Whether or not activities of a business league actually lead to real and permanent improvement of business conditions is immaterial as long as reasonably prudent businessmen believe they will improve business conditions.

Revenue Ruling 74-81, 1974-1 C.B. 135, states that an organization formed to promote the business welfare and interests of persons engaged in the contracting trade and related industries and whose principal activity is to provide its members with group workmen's compensation insurance is not entitled to exemption under section 501(c)(6) of the Code.

Your organization is very much like the organization described in Revenue Ruling 74-81 since your primary activity is to perform a particular service for members by providing group workmen's compensation as distinguished from the improvement of business conditions in one or more lines of business.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(6) of the Code and propose to deny your request for exemption under that section.

Consideration was given to whether you qualify for exemption under other subsections of section 501(c) of the Internal Revenue Code. However, we have concluded that you do not qualify under another subsection.

As your organization has not established exemption from Federal income tax, it will be necessary for you to file an annual income tax return on Form 1041 if you are a Trust, or Form 1120 if you are a corporation or an unincorporated association.

If you are in agreement with our proposed denial, please sign and return one copy of the enclosed Form 6018, Consent to Proposed Adverse Action.

You have the right to protest this proposed determination if you believe it is incorrect. To protest, you should submit a written appeal giving the facts, law and other information to support your position as explained in the enclosed Publication 892, "Exempt Organizations Appeal Procedures for Unagreed Issues." The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office or, if you request, at any mutually convenient

[REDACTED]

[REDACTED]

dict Office. If you are to be represented by someone who is not
of your principal officers, he or she must file a proper power of
attorney and otherwise qualify under our Conference and Practice
Requirements as set forth in Section 601.502 of the Statement of
Procedural Rules. See Treasury Department Circular No. 230.

If we do not hear from you within the time specified, this will become
our final determination.

Sincerely,

Steven J. Miller

Director, Exempt Organizations

Enclosures:
Form 6018
Publication 892